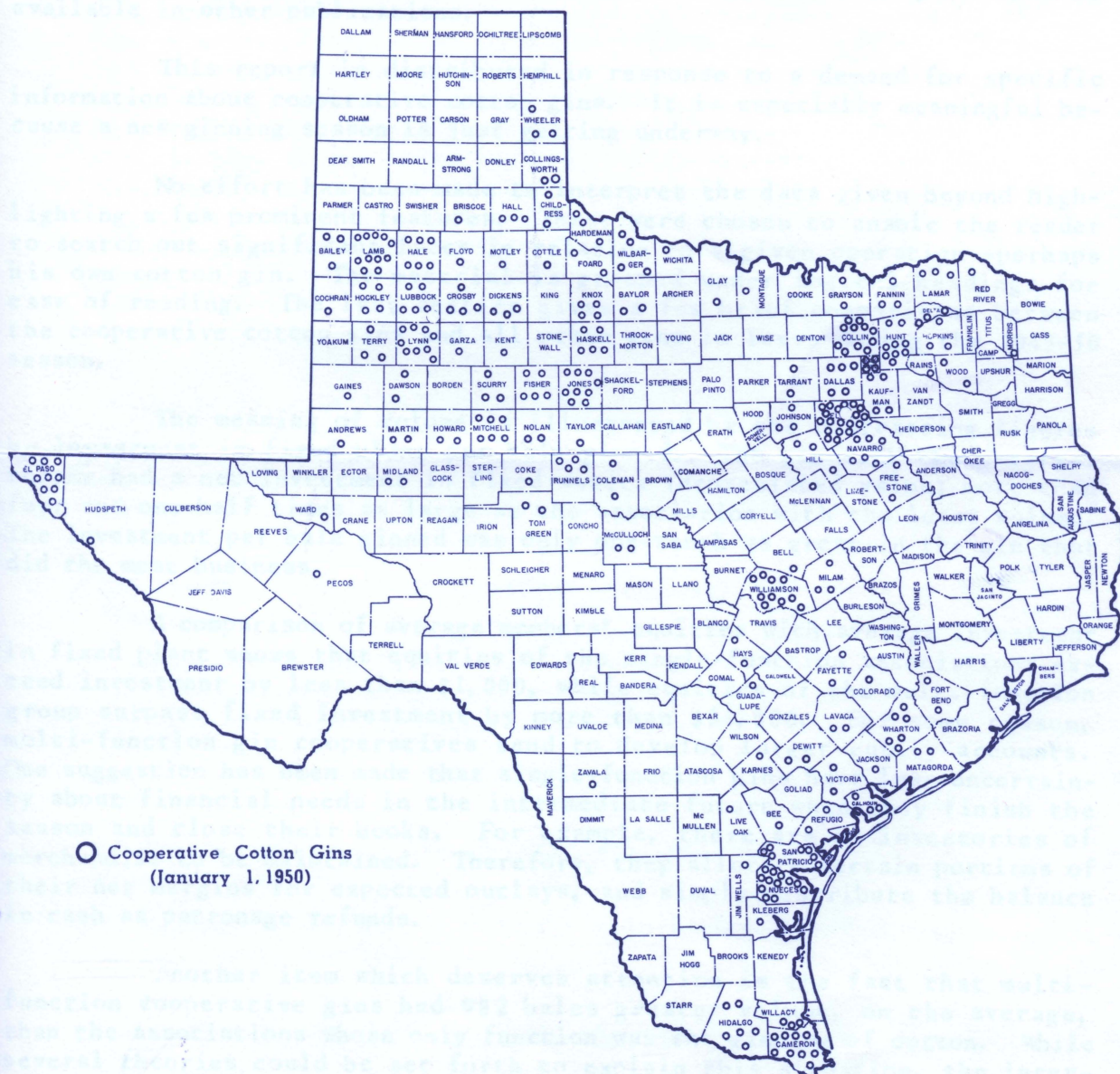


Facts and Figures

about

Cooperative Cotton Gins in Texas



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FACTS AND FIGURES ABOUT COOPERATIVE COTTON GINS IN TEXAS

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The facts and figures on the following pages concern the operations of cooperative cotton gins in Texas during the 1949-50 ginning season. This information was developed from the compilation of data on the operations of cooperatives of all types in Texas. Further analyses will be available in other publications.

This report is distributed in response to a demand for specific information about cooperative cotton gins. It is especially meaningful because a new ginning season is just getting underway.

No effort has been made to interpret the data given beyond highlighting a few prominent features. These were chosen to enable the reader to search out significant facts in relation to a given operation--perhaps his own cotton gin. The material is grouped under logical headings for ease of reading. The last section gives a few brief comparisons between the cooperative cotton gins and all other gins in Texas during the 1949-50 season.

The meaning of volume is illustrated by the contrasting figures on investment in fixed plant per bale ginned. The gin with the greatest volume had a net investment in fixed assets (depreciated value) more than four and one-half times as large as the association with the least volume. The investment per bale ginned was only one-tenth as great in the gin that did the most business.

A comparison of average members' equities with average investment in fixed plant shows that equities of the single-function associations exceed investment by less than \$1,000, while equities of the multi-function group surpass fixed investment by more than \$24,000. For some reason, multi-function gin cooperatives tend to develop larger equity accounts. One suggestion has been made that single-function gins have less uncertainty about financial needs in the intermediate future when they finish the season and close their books. For example, there are no inventories of merchandise to be maintained. Therefore, they allocate certain portions of their net margins for expected outlays, and simply distribute the balance in cash as patronage refunds.

Another item which deserves attention is the fact that multi-function cooperative gins had 982 bales greater volume, on the average, than the associations whose only function was the ginning of cotton. While several theories could be set forth to explain this situation, the interpretation is left to the reader. This in turn may stimulate further thought and investigation to improve the performance of cotton gins in Texas.

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Number and Type of Cooperatives Ginning Cotton in Texas

There are 319 cooperative gins in Texas. These are divided as follows:

Gin only.....	70
Gin and elevator.....	6
Gin and supply.....	78
Gin, elevator and supply.....	12
Gin and cotton marketing.....	25
Gin, elevator and cotton marketing.....	4
Gin, supply and cotton marketing.....	105
Gin, elevator, supply and cotton marketing.....	11
Gin, supply and frozen food locker.....	1
Gin, supply, cotton marketing and locker.....	1
Gin, supply and miscellaneous.....	1
Gin, supply, cotton marketing and poultry.....	4
Gin, supply, elevator and locker.....	1
Seventy cooperatives performed ginning services only, and 249 (78.1 percent) performed services in addition to ginning.	

Membership and Patronage during the 1949-50 Season

Active members in 319 cooperatives.....	52,307
Average per association.....	164
Inactive members in 216 cooperatives.....	14,524
Average per association (103 reported all members as active patrons).....	67
Total members in 319 cooperatives.....	66,831
Average per association.....	210
Non-member patrons in 212 cooperatives.....	12,156
Average per association (107 cooperatives reported doing business with members only).....	57
Total patrons, member and non-member, in 319 cooperatives.	64,463
Average.....	202

Of 66,831 members in 319 cooperatives, 14,524, or 21.7 percent, were inactive.

Of 64,463 patrons in 319 cooperatives, 12,156, or 18.9 percent, were non-members.

Net Margins and Cash Patronage Refunds for the 1949-50 Season

Net margins in 319 cooperatives.....	\$ 7,933,200
Average (300 operated at a gain, 17 operated at a loss, and 2 did not operate).....	\$ 26,444
Cash refunds paid for 1949 business from 1949 net margins in 285 cooperatives.....	\$ 2,978,535
Average per association that paid.....	\$ 10,451

Of 319 cooperatives, 285, or 89 percent, made cash patronage refunds at the end of 1949.

Thirty-seven percent of all net margins made by all cooperative gins during 1949 were refunded as cash patronage refunds by 89 percent of the cooperatives.

Of 319 cooperatives, at least 265, or 83 percent, have made total cash patronage refunds since they were organized estimated at..... \$18,379,340
Average per cooperative that made refunds..... \$ 69,356

Taxes Paid in 1949

All the cooperative associations paid one or more of the taxes listed below, but not all associations paid all of the taxes.

School, city, county and state taxes paid by 317 cooperatives.....	\$	138,447
Average.....	\$	437
Miscellaneous taxes paid by 270 cooperatives.....	\$	71,766
Average.....	\$	266
Social security taxes (employers' part) paid by 78 cooperatives.....	\$	11,146
Average.....	\$	143
Federal income taxes paid by 10 cooperatives.....	\$	7,985
Average.....	\$	799
Total taxes, all types.....	\$	229,344

Employment and Payroll, 1949-50 Season

Equivalent year-round employees in 319 cooperatives..	2,108
Average.....	6.6
Actual year-round employees in 263 cooperatives.....	665
Average.....	2.5
Seasonal employees expressed as equivalent year-round employees in 319 cooperatives.....	1,443
Number of employees at peak season in 314 cooperatives.....	5,451
Average.....	17.4
Total wages and salaries paid by 316 cooperatives....	\$ 7,142,232
Average.....	\$ 22,602
Total salaries and bonuses paid to managers by 315 cooperatives.....	\$ 975,791
Average.....	\$ 3,098

In 315 cooperatives, the average annual expenses of management were \$3,098. This almost always went to one man.

In 316 cooperatives the average annual wages paid to 1,762 equivalent full-time employees, other than managers, was \$3,500. It indicated higher pay for gin employees than it did for managers. (Seasonal employees draw a relatively higher rate of pay than do many managers. Very few employees actually earned the full \$3,500. However, the seasonal reduced to full-time equivalent showed that the average employee would have earned \$3,500 if he had worked the entire year at the same wage rate.)

Ginning Data for the 1949-50 Season

Total ginnings in 317 cooperatives (Two gins did not operate), bales.....	1,538,854
Average, bales.....	4,854
Total tonnage of cotton seed handled by 310 cooperatives (Two gins did not operate and 7 gins showed no seed because of peculiarities of operation).....	569,817
Average tonnage.....	1,838

Fixed Investment in Plant, 1949-50 Season (Depreciated Value)

Total plant investment in 319 cooperatives.....	\$16,192,440
Average (These figures are for all types of cooperatives which perform ginning services).....	\$ 50,760
Total plant investment in 70 single-function cooperatives.....	\$ 3,603,180
Average (These are the cooperatives which perform only ginning services).....	\$ 51,474

Members' Equities, 1949-50 Season

Total members' equities in 319 cooperatives.....	\$22,354,474
Average (All types of gin and gin combinations included in these figures).....	\$ 70,077
Total members' equities in 70 single-function cooperatives.....	\$ 3,649,030
Average (These perform only ginning service).....	\$ 52,129

Miscellaneous

Contrasting data on gin with greatest volume and gin with least volume during the 1949-50 season:

Volume:

Greatest volume of one gin (3 batteries--5/80's), bales.....	19,862
Least volume of one gin (1 battery--5/80's), bales...	400

Fixed investment in plant (depreciated value):

Gin with greatest volume.....\$	56,569 ^{1/}
Gin with least volume.....\$	12,000

Fixed investment in plant, per bale ginned:

Gin with greatest volume.....\$	2.85
Gin with least volume.....\$	30.00

*Comparative data on single-function and multi-function gin cooperatives:**Average number of bales ginned:*

Single-function.....	4,089
Multi-function.....	5,071

Average investment in fixed plant (depreciated value):

Single-function.....\$	51,474
Multi-function (Includes investment in elevators, purchasing facilities, etc.).....\$	50,598

Average members' equities per cooperative:

Single-function.....\$	52,129
Multi-function.....\$	74,109

Bases of refunds on ginning business:

	Number of associations	
	Method of refund	
	Present	Original
Running bale.....	98	115
Lint cotton weight.....	30	23
Seed cotton weight.....	60	8
Running bale and cotton seed.....	9	63
Lint weight and cotton seed.....	40	29
Seed cotton and cotton seed.....	67	58
Cotton seed.....	4	1
Unknown.....	11	22
Total associations.....	319	319

Type of power:

	No. of ass'ns.
Steam.....	36
Internal combustion.....	177
Electric.....	97
Combination, multi-battery plants.....	9
Total.....	319

^{1/} The record of this gin indicates that the patrons had "taken the plant home in their pockets" over a period of years in an amount of \$60,000. The members' equities exceeded depreciated value by a bare \$6,000, leaving no safe actual reserves to maintain the plant. The members not likely will be able to replace this 3-battery plant for the \$130,000 which is listed as cost.

Size of gin plants by number of stands:

	No. of ass'ns.
Single-battery	
4 stands.....	90
5 stands.....	186
6 stands.....	5
Multi-battery	
8 stands.....	6
9 stands.....	8
10 stands.....	22
11 stands.....	1
12 stands.....	1
Total.....	319
Single-battery plants.....	281
Multi-battery plants.....	38

Texas Cotton Crop, Ginnings and Gin Data, 1949-50 Season

Texas cotton crop, R.B.....	5,860,231
Ginnings, cooperative gins, R.B.....	1,538,854
Ginnings, other gins, R.B.....	4,321,377
Number active gins.....	1,988
Number cooperative gins.....	317
Number other gins.....	1,671

There were 250 inactive gins during the 1949-50 season.
Of these, 2 were cooperatives.

The number of active cooperative gins was 16 percent of
the total of active gins; the volume of the cooperative
gins was 26.25 percent of the total crop.

Average volume, active cooperative gins, R.B.....	4,854
Average volume, other active gins, R.B.....	2,586

On an average, the cooperative gins had 88 percent
more volume than with other types of ownership.